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C O R R E C T E D C O P Y C A P T I O N

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SUBJECT: U/S BURNS DISCUSSES IRAQI POLITICAL ISSUES WITH
VP ADEL ABD AL-MAHDI

Classified By: NEA A/S Jeffrey Feltman, Reasons: 1.4(b) and (d)

¶1. (S/NF) SUMMARY: During their January 12 meeting, Under Secretary Burns and Iraq's Shia Vice President Adel Abd al-Mahdi discussed the importance of holding inclusive national elections on March 7 and expediting the subsequent government formation process. Al-Mahdi noted while the situation in Iraq is promising, the way the GOI addresses potential challenges in the near term will be critical for Iraq's stability in the long term. He was upbeat about Iraq's economic potential, but was less forward leaning when the conversation shifted to Iraq's Chapter VII obligations to Kuwait. End summary.

ELECTIONS, GOVERNMENT FORMATION

¶2. (S/NF) U/S Burns thanked al-Mahdi for his constructive approach to the recent national election law impasse, adding that his leadership will be critical in the coming months. Al-Mahdi acknowledged the importance of holding transparent and inclusive elections, saying that Iraq should aim to achieve a higher voter turnout with each successive election.

Turning to the controversial effort by the Accountability and Justice Committee (AJC) to bar Sunni MP Saleh al-Mutlaq from the election, al-Mahdi said the AJC &shouldn't have done it. &We should apply the law, not politicize it,⁸ said the VP, who went on to observe that the Independent High Electoral Commission would need help from Iraq's Council of Representatives in order to withstand pressure from the AJC. In an effort to prevent further escalation, al-Mahdi added that Iraqi leaders have asked al-Mutlaq to remain calm.

¶3. (S/NF) U/S Burns agreed that the elections must be as inclusive as possible, and encouraged al-Mahdi to reinforce that point in both his public and private remarks. U/S Burns also stressed the need for swift government formation after the election. Al-Mahdi agreed to continue calling for inclusiveness, and said that Iraqi leaders would &stick to the timetable⁸ on government formation, adding that informal negotiations) though contingent upon election results) had already begun.

¶4. (S/NF) Turning to the economy, al-Mahdi noted that the recent rise in world oil prices had been a windfall for Iraq. The challenge now, he continued, was to increase production to 8-10 million barrels per day. He observed that the second round of awarding contracts had gone better than the first, and stressed that the presence of foreign oil companies in Iraq was evidence that his country had changed its &old mentality⁸ and was embracing the free market.

¶5. (S/NF) Al-Mahdi emphasized the importance of GOI leadership on investment issues and said that when Iraq has

taken the lead this has been well received by neighbors and international investors. He noted that when the Coalition Provisional Authority established an investment law it was widely criticized, but when the Council of Representatives passed its own investment law it sent a clear message that Iraq is ready for business.

REGIONAL ISSUES, IRAN

6. (S/NF) Shifting to regional issues, al-Mahdi characterized Iraq's neighborhood as "lost and unbalanced" due to inter-Arab rivalries and the changing roles of Iran and Turkey in the regional balance of power. He described the current unrest in Iran as the most significant challenge ever to the Islamic Republic, and predicted that Iran's leaders would eventually find a way to reconcile with the disenfranchised electorate. The alternative, he said, would be a complete break that would be dangerous for both parties.

However, he acknowledged that there is already a very deep rift between President Ahmadinejad on the one hand, and former President Rafsanjani and the Larijani brothers on the other hand. &There are real divisions, even within the IRGC,⁸ he said. As for Iran's regional role, he opined: &Iran needs to calm down and accept the rules of the game. They should have a role, but a controlled role.⁸

¶7. (S/NF) U/S Burns reviewed the extensive efforts the President had made to turn the page in U.S.-Iranian relations, both bilaterally and within the context of the P5 1. He stressed that Iran's response left much to be desired, and while the U.S. will not abandon engagement, it cannot sustain that approach without making clear to Iran that there are real consequences for its refusal to address international concerns about its nuclear program.

¶8. (S/NF) Al-Mahdi claimed to see a change for the better in Iranian behavior in Iraq, adding that the Turks and Syrians were also playing a more positive role. &I sense a certain wisdom in the Turkish leadership,⁸ he said enigmatically. Even Lebanon's Hassan Nasrallah, whom al-Mahdi met with last summer, was showing signs of moderation.

KUWAIT, CHAPTER VII

¶9. (S/NF) U/S Burns stressed the importance of improved relations between Iraq and Kuwait. Al-Mahdi reported that relations with Kuwait were good but admitted that Kuwait and Iraq were making little headway sorting out their border issues. He claimed that further progress depends on the Kuwaitis, who need to understand that &it's time to end this⁸ (i.e., Iraq's Chapter VII obligations) because &Iraqis are stewing.⁸ &We are being punished for things that Saddam did,⁸ lamented the Iraqi Vice President, who added that Iraq "will not" be held accountable for actions committed by the previous regime. He said this issue creates bad feelings among Iraqis, which is unfortunate because Kuwaitis have "done good things for Iraq."

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